



# THE TAOS NEWS

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## NEWS ANALYSIS

### **Forecasting budgets, more art than science Town's best estimates set \$10.6M spending**

By Andy Dennison  
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The hardest part of cre-ating a municipal budget is forecasting how much money will come in during the next 12 months.

After all, a budget is merely an educated guess as to future revenues and expenses.

That job gets doubly difficult when a town, like Taos, relies primarily upon sales tax to pay for all of its person-nel and operating expenses. Just how much anyone will spend in the coming year is a crap shoot.

Now, kick in a growing demand for public services and more people moving to Taos, and you've got a problem on your hands.

Even in good times, the task of estimating gross receipt taxes — levied upon sales of goods and services except food and prescriptions — is anything but scientific. Finance Director Marietta Fambro has worked off a 3-4 percent historical increase for a number of years ... but no longer.

Now, with the national economy on the skids and fewer people buying things in Taos, predicting when and at what level the sales tax collections will bottom out and begin to rebound is one for the crystal ball.

In 2008-2009, gross receipts taxes declined 3 percent; in response, town staff trimmed 11 percent off their budgets at mid-year. In addition, the town's 200-person workforce won't get cost-of-living raises, a lim-ited hiring freeze will continue, out-of-state travel has been curtailed, and non-profit organizations won't get much for donations from the town.

“This is the most difficult budget I've ever done,” said Fambro earlier this spring.

Despite the gloom and doom, town administrators worked up a \$10.6 million general fund budget based upon a predicted 1.3 percent rise in gross receipts taxes during the next 12 months. Part of their reasoning relies upon a spike in sales taxes from \$40 million in

school renovations and another \$40 million for the new Taos County administrative-judicial complex.

Even if that prospect comes true, the town expects to spend less from the 2009-2010 general fund than it did in either of the last two fiscal years.

The town's complete budget is \$39.5 million, but three-quarters of that is tied up in some 59 dedicated funds that pay for specific activities. Money for those funds comes from grants, fees and other collections outside of sales taxes.

One area where town officials can cut is its capital improvement budget, the source of funding for one-time projects, such as new equipment or paving of roads. This year, that budget has been slashed by \$4.3 million, to \$12.2 million, with projects such as downtown plaza improvements sitting on the sidelines for another year.

Right after passing the budget Tuesday (June 16), council members couldn't help themselves: They began discussing ways to cut spending or bring more in money in the coming year.

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